

Message Text

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PAGE 01 LONDON 07429 051708Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00
PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /099 W
-----060927Z 019614 /16

R 051659Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3536
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO
USMISSION OECD PARIS
USNMR SHAPE
USMISSION GENEVA
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK, PINT
SUBJECT: MURRAY REMAINS COOL DESPITE AUEW REJECTION OF
PAY DEAL

REF: LONDON 6688
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SUMMARY: THE GOVERNMENT SUFFERED A SETBACK IN ITS CONTINUING EFFORTS TO SECURE A THIRD ROUND OF WAGE RESTRAINT WHEN THE POLICY COMMITTEE OF THE ENGINEERING SECTION OF THE AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW) -- BRITAIN'S SECOND LARGEST UNION -- VOTED OVERWHELMINGLY FOR A RETURN TO FREE COLLECTIVE BARGAINING WHEN THE PRESENT WAGE RESTRAINT POLICY EXPIRES JULY 31. LEN

MURRAY, TUC GENERAL SECRETARY, TAKES A COOL VIEW OF THIS DEVELOPMENT HOWEVER, AND TOLD US THAT THE REAL TEST OF GOVERNMENT'S EFFORTS WILL TAKE PLACE AFTER THE TUC/GOVERNMENT NEGOTIATIONS ARE COMPLETED. END SUMMARY.

1. THERE WAS A LONG AND HOT DEBATE YESTERDAY (MAY 4) BETWEEN MEMBERS OF THE AUEW ENGINEERING SECTION'S POLICY COMMITTEE WHO WISHED TO POSTPONE THE UNION'S DECISION UNTIL PAY TALKS BETWEEN THE TUC AND THE GOVERNMENT WERE COMPLETED AND THOSE WHO SOUGHT A DECISION NOW IN FAVOR OF FREE COLLECTIVE BARGAINING AFTER JULY 31. THE COMMITTEE EVENTUALLY VOTED 50 AGAINST 2 FOR A RESOLUTION CALLING ON THE AUEW TO OPPOSE A THIRD ROUND OF WAGE RESTRAINT. THOSE WHO WANTED A POSTPONEMENT VOTED FOR THIS RESOLUTION AFTER THEY HAD CONCLUDED THAT THEY WERE OUTNUMBERED AND BECAUSE THE RESOLUTION ALSO COMMITTED THE POLICY COMMITTEE TO RECONVENE AFTER THE TUC AND GOVERNMENT NEGOTIATIONS WERE OVER.

2. THE VOTE WILL GREATLY COMPLICATE THE GOVERNMENT'S TASK, BUT TUC GENERAL SECRETARY LEN MURRAY TOLD US TODAY (MAY 5) THAT HE REMAINS VERY CONFIDENT THAT A "DEAL" BETWEEN THE TUC AND THE GOVERNMENT WILL BE STRUCK. HE CHARACTERIZED THE AUEW POLICY COMMITTEE DECISION AS "MARGINAL," ADDING THAT THE REAL TEST OF ACCEPTANCE OR REJECTION OF A THIRD ROUND WILL COME ONLY AFTER THE TUC/GOVERNMENT NEGOTIATIONS ARE COMPLETED AND THE UNIONS CAN SEE THE ACTUAL TERMS ON WHICH TO BASE A FINAL DECISION.

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3. MURRAY'S COOLNESS CONTRASTS SHARPLY WITH PRESS CHARACTERIZATION (MAY 5) OF THE AUEW COMMITTEE DECISION. THE GUARDIAN (MAY 5) CALLS IT A "HEAVY BLOW TO CHANCES OF PAY POLICY." THE FINANCIAL TIMES TERMED THE DECISION "ONE OF THE MOST DAMAGING BLOWS" TO THE GOVERNMENT'S HOPES OF MAINTAINING TRADE UNION SUPPORT FOR A PAY POLICY. THE TIMES SAID THAT THE "GOVERNMENT'S PROSPECTS OF WINNING UNION SUPPORT FOR A THIRD YEAR OF VOLUNTARY POLICY ON INCOMES LOOKED ON THE POINT OF COLLAPSE." IN THE LONG RUN, HOWEVER, MURRAY MAY PROVE TO BE RIGHT EVEN IF SOME GOVERNMENT LEADERS SUFFER APOPLEXY IN THE MEANWHILE.

SPIERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: REPORTS, UNION GOVERNMENT RELATIONS, ECONOMIC PROGRAMS, FINANCIAL TRENDS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Format: TEL
From: LONDON
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Legacy Key: link1977/newtext/t19770590/aaaadaai.tel
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